



Irish Life Weekly Investment Bulletin

The week that was – WEEK 07 (ending 17/02/2017)

**“Confidence comes not from always being right but from not fearing to be wrong.” –
*Peter T. McIntyre***

EU Commission predicts strong economic growth for Ireland – In its latest economic forecast, the European Commission has estimated GDP growth for Ireland of 3.4% for 2017 and 3.3% for 2018. The projection for 2017 is double the rate of growth for the 28 country EU average – estimated at 1.6% this year.

Near-record increase in Irish construction employment – According to the Ulster Bank Construction Purchasing Managers' Index – designed to track changes in construction activity - the rate of job creation in January was the second-fastest in the survey's history, just behind the record seen in November 2004.

Fed Chief makes case for rate rises – In congressional testimony on Tuesday, U.S. Federal Reserve Chair Janet Yellen said that it would be risky to wait too long to raise interest rates and that it would be "unwise" as economic growth continues and inflation rises. She also said however that she expects gradual rate increases.

Global stock market up 1.2% on the week – The MSCI AC World Index hit an all-time high during the week with a 1.17% return from 10th February to 17th February with further news on the health of the U.S. economy. Volatility, measured by the Chicago Board Options Exchange Volatility Index (VIX), moved up to 12 from 10.9.

U.S. economy shows further signs of strength – The Commerce Department reported that retail sales increased by 0.4% compared to an expected 0.1% in January and December's retail sales were revised up to a 1.0% rise. The Labor Department reported consumer prices rose 0.6% last month, the highest in 4 years.

U.K. retail sales disappoint – According to the Office for National Statistics (ONS), retail sales fell a further 0.3% in January after a drop of 1.9% in December. On a year-on-year basis, sales were +1.5% compared to expectations of +3.4%. Analysts speculated that the lower figures were likely due to the Pound's drop in value.

The Story of the week: Police in Arrowtown, New Zealand's South Island have shared a video of a disoriented hedgehog, found "looking very drunk and walking into things". The unfortunate animal was wandering around with a yoghurt pot wedged firmly on its head. Posting the clip on Facebook, officers wrote: "After a brief foot pursuit the subject was cornered and the yoghurt pot removed. Lived to fight another day. Crime prevention advice was also provided about going through other people's rubbish. This is not the first time we've dealt with disoriented hedgehogs, but we hope the prevention advice given will see a decrease in hedgehog food container related incidents."

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 17/02)
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	0.5
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	2.6
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	0.8
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	5.3
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	8.5
Nikkei 225	22.9	56.7	7.1	9.1	0.4	0.6
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	6.3
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	4.5
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.4
German	1.4	1.9	0.5	0.6	0.2	0.3
UK	1.9	3.0	1.9	1.9	1.2	1.2
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	1.1
Italy	4.6	4.1	2.1	1.6	1.8	2.2
Greece	12.7	8.2	9.6	7.9	7.1	7.5
Portugal	6.9	6.1	2.7	2.5	3.8	4.0
Spain	5.4	4.1	1.6	1.7	1.4	1.6
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	0.75
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.06
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.85
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.25
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	12.8 (to end of Q4)
U.K.	8.1	2.7	10.7	17.8	13.1	3.6 (to end of Q4)
U.S.	14.5	5.3	11.4	11.2	12.1	7.8 (to end of Q4)

*Past performance is not a reliable guide to future performance